

COST and MANAGEMENT

THE OFFICIAL JOURNAL OF

THE CANADIAN SOCIETY OF
COST ACCOUNTANTS & INDUSTRIAL ENGINEERS

INCORPORATED 1920

HEADQUARTERS, 81 VICTORIA STREET, TORONTO

W. A. McKague, General Secretary
Telephone ELgin 8914

Vol. 9

OCTOBER, 1934

No. 10

CONTENTS

THE NEW DOMINION COMPANIES ACT	290
DIRECTORS MEET IN MONTREAL	292
COSTS IN A PAPERBOARD PLANT. G. F. Mayhew	293
THE EXECUTIVE VIEWPOINT	297
TARIFF AND TAXATION	307
COST ACCOUNTING AND THE N.R.A.	314
CHARTERED ACCOUNTANTS MEET IN MONTREAL	315
CHAPTER NOTES	316
THIRTEENTH NATIONAL COST CONFERENCE	318
PRIZE FOR CHAPTER NOTES	319
MEMBERSHIP CHANGES	319
REFERENCE LITERATURE	320
PERSONALS	320
TREND OF PRODUCTION COSTS	320

Subscription price to non-members, \$5 a year. Single copies 50 cents.
Members desiring 5 copies or more of a single issue may obtain them
at 25 cents each.

The New Dominion Companies Act

(From The Financial Post)

THE new Dominion Companies Act comes into force October 1, 1934, and will apply to prospectuses issued and financial statements of Dominion incorporated companies for periods ending on or after that date. In an address before the Dominion Association of Chartered Accountants in Montreal on September 7, Alfred B. Shepard, F.C.A., of Toronto states that the provisions with respect to auditing and the issuing of prospectuses are more stringent in this than in any act in any British country at the present time. He foresees a large drop in revenue for the Dominion Government as many applicants for charters will go to the provincial authorities where provisions are much less stringent.

Mr. Shepard considered the new act as perhaps one of the most interesting pieces of legislation that has been introduced in recent years from the standpoint of the profession of chartered accountancy. He states that members of the profession were consulted and given an opportunity to present the views of the various provincial institutes on the act as first drafted. Some of the suggestions were followed and others were not.

Accounting Difficulties Increased

A great number of large companies whose operations are carried on wholly without Canada, Mr. Shepard thinks, will be adversely affected by a Senate amendment which provides that operating accounts should be kept at the head office of the company "in Canada". As it left the House of Commons, the act provided that if the operating accounts were kept at some place outside Canada, there should be kept at the head office of the company (wherever situated) such comprehensive records as would enable the directors to ascertain with reasonable accuracy the financial position of the company at the end of each quarter. The words "in Canada" were inserted in the Senate and adopted by the Commons "before time for objection." This Senate amendment places a large number of companies apparently under the obligation of making arrangements for head offices in Canada for the keeping of the "books" as distinguished from "operating accounts." Mr. Shepard assumes that the term "operating accounts" refers more to detailed records of expenditures, revenues, etc., and that it is probably intended that such records shall continue to be kept at the place where the operations of the company are conducted, but that records, somewhat in the nature of control accounts, shall be kept at the head office to enable the directors to prepare therefrom profit and loss accounts and balance sheets without reference to the foreign books.

Surplus Accounts

The new provision that a statement of surplus should separate accounts for capital surplus, distributable surplus and earned surplus, Mr. Shepard thinks, will create a good deal of difficulty for companies which have been in existence for a good many years. They will apparently have to make a complete analysis of the surplus account to separate it into these component parts as of the commencement

THE NEW DOMINION COMPANIES ACT

of the first period for which the new act is applicable. In some cases, this will be difficult to accomplish. The principle is right in his opinion but he thinks that some future amendment should give relief in the case of companies established over a considerable period of years where there is not the same necessity for an analysis of prior transactions as exists in certain companies quite recently incorporated. Mr. Shepard also fears that the requirements making it necessary for companies to show the liabilities for taxes imposed by any taxing authority in Canada including those due and payable, might prejudice the case of a company which expects to justify assessment eventually on a much lower basis,

Underwriter or Purchaser

The very stringent provisions of the act with respect to prospectuses and offers to the public, Mr. Shepard points out, appear to apply only to a direct offer by a company, or by any person on its behalf, if its securities were purchased outright by an investment banker, the latter became the owner of the shares. The act apparently does not purport to exercise control over such an investment banker's action in disposing of the securities any more than over the actions of any other shareholder in arranging for a sale of his stock holdings in any particular company. Mr. Shepard interpreted the act and the statements in parliament as expressing the feeling that the transactions of the investment banker were subject to provincial legislation. The statement was made by the Secretary of State that all of the nine provinces except one had imposed certain regulations and penalties under securities acts governing those dealing with and the subsequent sale of shares. Hon. Mr. Cahan thought that the provisions were stringent enough to make it impossible for investment bankers who were actually underwriters or agents for the company to belittle or color the issue by insisting that they were purchasers.

"In fact, the prospectus has to be sent out by the company," said Hon. Mr. Cahan, as quoted by Mr. Shepard. "If the underwriter sends out a prospectus, he is bound to make an affidavit that before he accepts an application for a single share, the applicant has had the prospectus in his hand. The bill goes further and gives the purchaser a certain time in which he may rescind his contract if there is a single mis-statement or misrepresentation in the terms of the prospectus."

Accountant's Responsibility

Mr. Shepard directed the attention of his hearer especially to the liability clause in Section 78, whereby directors and promoters are relieved from responsibility for any untrue statement in a prospectus made in authority of experts employed as engineers, valuers and accountants. Otherwise directors and promoters are liable to pay compensation "to all persons who subscribed for any securities of the company on the faith of the prospectus, for the loss or damage they may have sustained by reason of any untrue statement therein." Mr. Shepard does not read the act as making the accountant directly liable to purchasers of securities for honest errors, but they must be prepared to accept responsibility as professional men for errors arising through carelessness and inexactitude.

Much has been said about subsection 7 of Section 12 which limits to 25 per cent the amount which can be set aside as a distributable surplus from sale of no par shares. Of course, where a company acquires a going concern, the directors are allowed to set aside some further part of the consideration for the issue of its shares to acquire

COST AND MANAGEMENT

the company as a distributable surplus. The further amount must not exceed the unappropriated balance of the acquired company's realized net profits immediately before such acquisition.

No Par Distributable Surplus

Mr. Shepard points out that the tendency was to obtain funds for the establishment of a business by the issue of bonds rather than shares before the enactment of provision permitting the provision from the proceeds of no par stock of enough to make a distributable surplus. Interest on such obligations could be paid whether the company was earning money or not, whereas dividends could not be paid unless profits were available. It was the general feeling that it was preferable to have a capital set-up which was not overloaded with bonded indebtedness as compared with capital stock. Therefore a distributable surplus taken out of the purchase price of the shares established a fund to be used for dividends in the early stages of the company's operation. There were differences of opinion as to the soundness of this provision but the danger, which heretofore existed, has been largely reduced by limiting the amount which may be set aside to 25 per cent, in Mr. Shepard's opinion.

Mr. Shepard has some criticism to offer of the provision in Section 65, under which a company that has redeemed debentures previously issued, shall have the power to reissue such debentures unless any provision to the contrary is contained in the debentures or the by-laws authorizing their issue, or unless the company has, by shareholders resolution manifested its intention that the debentures shall be cancelled. It is reasonable that debentures pledged by a company to secure bank borrowings or other debts should, after their return to the company, be available for issue and sale, but Mr. Shepard questions the wisdom of a company having power to re-issue debentures which have already been issued and repurchased.

He says, "Pledged bonds are delivered as collateral and when the debt is paid they are redelivered to the company. When the company purchases its own bonds the debt is extinguished and I feel strongly that the company should not have the power to reissue such bonds. It is understood, of course, that many debentures under existing deeds cannot be reissued but there will no doubt be cases where this section of the act is invoked."

Wasting Asset Dividends

A clear definition of the phrase, "assets of a wasting character," was asserted by Mr. Shepard to be needed to make plain full bearing of the clause that "no dividends shall be declared when the company is insolvent or which renders the company insolvent or which will impair the capital of the company." Subsection 4 of Section 83 makes an exception in the case of "a mining company or a company 75 per cent of whose assets are of a wasting character." The latter can declare dividends so long as there remain enough assets to pay all liabilities except paid-up capital.

DIRECTORS MEET IN MONTREAL

A meeting of directors of the Society was held in Montreal on September 7th, with the following in attendance: L. Belanger, G. T. Bowden, R. W. Louthood, J. P. Masterson, D. R. Patton, and P. W. Wright, of Montreal, G. H. Houston, K. A. Mapp, and S. H. Sorley of Toronto, and W. A. McKague, general secretary. Apart from some routine business, the meeting was given over to consideration of means for improving the work of the Society as whole, and special committees were appointed to report back to a further meeting.

Costs in a Paperboard Plant

By G. F. MAYHEW
Hinde & Lauch Paper Co. of Canada, Ltd.

(Before Toronto Chapter, September 25, 1934.)

I AM very glad to have you with us tonight and will endeavor to give you an outline of our cost system applying to the operations you witnessed on your trip through the plant. I will try to be as brief as possible and still bring out the essential factors.

I trust I shall be as successful as one mill manager about whom a story is told. He had instructions from his head office to convey as much information in as few words as possible. There was a very serious flood in the river upon which the mill was located, and his head office was much concerned about the dam holding out against the increased water pressure. The dam did very well but that evening a very serious fire broke out and destroyed the mill. Remembering his instructions, he sent the following telegram: "The dam is here by the mill site but the mill isn't here by a dam site."

The first essential in any successful cost system is the full co-operation of the management. I am very happy to say that our management is deeply interested in cost work and gives our department 100% co-operation in all our efforts.

Based on Piece Work Rates

The basis of all systems is labor and labor rates. We use the piece-work plan of wage incentive. We tried a few operations on the base rate plus bonus, but from my experience, this plan did not prove satisfactory for this reason: unless the employees could see that they had a full ten hours work ahead, they would regulate their speed so that the base rate plus a certain amount of bonus would give them a larger return for the full ten hours than they would receive had they made an effort to clean the work up in six hours and received a higher bonus. Our rates are more or less operative piece-rates,—that is,—taking our printing press as an example, we do not give a flat rate per thousand for the printed boxes but the rates are broken into the operations. The operations were time-studied over a period and the rates set according to the number of minutes per thousand boxes, converted to a rate per thousand boxes based on their previous day-rate plus a percentage of increase that would be proportionate to the increase in production and the cost per minute of the operation. The machine receives a rate for the morning set-up, a rate for each class of set up, such as one panel, one color, two panels, two colors, registered set, etc. Then we have a rate per thousand boxes according to the number of surface inches in the sheet which is fed through the press. The wash up follows each order and a rate is paid for each class of wash-up, such as, wash one roll, one fountain, two rolls, two fountains etc. This basis is used throughout each of our operations, the number of surface inches in the sheet handled being the factor and the rate increased in proportion to the slower time per thousand according to the increase in the size of the sheet. The total machine rate is divided among the employees on the

COST AND MANAGEMENT

operation, the operator receiving 44% of the total earnings and the helpers 56% equally divided.

In the case of the stitching, the basis is the caliper of the box and the number of stitches. There is no guaranteed rate. If we take on a new employee on an operation, she is given a two weeks probationary period at a guaranteed rate per hour. If she is not capable of making a satisfactory rate but we note that she is making an effort, we try her on another operation. In only two cases since the system has been in operation has it been necessary to let the employee out completely. As an illustration of this method,—we had a girl on our folding operation. She just did not adapt herself and although she made an effort, her rate was unsatisfactory. We placed her on handtaping and in less than two weeks she became one of our best employees.

It has been our belief that our rates are very attractive and that by making them so, we are receiving the best possible production per minute, which is our objective. This contention, that the operative piece-rate and attractive wage incentive make a most efficient system is supported by the following article:

"The employer's greatest problem, 'How can I get more work out of my employees?' has been answered by the workers themselves, but without their knowledge.

"Reports of investigations by the Industrial Health Research Board of Great Britain describe how 10 girls from 15 to 16 years old were chosen for an experiment conducted in a large commercial factory. The usual supervisors were replaced by trained observers.

"The first trial, lasting nine weeks, was a flat weekly wage. This resulted in an increased output amounting to about 12 per cent. Following this came the introduction of a bonus system where each worker was ranked according to output, the lowest receiving the former pay. There was immediately a 46 per cent. increase. After 15 weeks of the bonus method, a piece rate was introduced and output shot up 30 per cent. It was evident that the flat time rate offered very little incentive for work.

"The experiment was then shifted from individuals to whole groups. The output increased 20 per cent. under the bonus system. When the output on which the bonus was based was raised, the output climbed another 18 per cent. With experienced workers the opening of a piece rate system resulted in an average increase of 36 per cent. While the operators of machines worked carelessly and indifferently on a time rate, the increase in output for a bonus or piece rate was at the same time attended by better care of their machines. It was also found that the rate of working depended on the nearness of fellow workers. Isolated workers showed gains of from 20 to 50 per cent.

"For every system that was tried it was found that the output always came, after a period of time, to a level proportional to the incentive induced by more money."

The Manufacturing Sheet

The first step in keeping our cost records is our Manufacturing Sheet, which contains all the necessary production information. (Form 1.) These sheets, eight in number, go to the first operation, which is, in the case of corrugated, to the liners which combine the two liner board sheets with the straw-board. This operation keeps one sheet and the necessary information is copied on form 2, i. e., order no., blanket sheet size, number of sheets, the daily line-up column gives the yards and width of paper required, the paper used on machine column giving the actual yards and width run. This infor-

COSTS IN A PAPERBOARD PLANT

mation enables us to check the operator and keep him using paper as near the correct width as possible and controls the waste. After the day's work is completed, Form 2 is brought to the office and the lineal and square feet of board produced is computed. At the end of each month, the daily sheets are summarized on form 3 and we obtain the complete cost record in lineal feet per hour, square feet per hour and cost per thousand square feet.

After the sheets come from the liners and are piled on trucks the remaining seven copies of form 1 are placed in the load, which travels on to the next operation, which is the slitters. This operation takes one copy and the factory clock is immediately punched as the starting time. When the slitter has completed the operation, the six remaining copies are placed in the last load, the operator punches the clock out and the load is passed along to the printers, slotters, who take one copy and immediately punch in the set column on form 4. When the set is completed, the punch is made out for the set and in for the feeding time. And so, this form 1 passes through each operation and each operation has recorded the actual time required to complete the number of boxes called for by the order. You will note that this manufacturing sheet serves a dual purpose, it gives each operator the order detail on the right hand side and the cost detail on the left hand side. These sheets are picked up each morning and the wages computed and the necessary information placed on them which will enable the Cost Department to compile the Monthly Summary and Comparison of cost for each operation throughout the factory.

At the end of the year a total summary of each operation is made, this record being compiled from the monthly records which in turn revert to the manufacturing sheet as the basis. It would require too much time to go into detail for each operation since the total cost record is set up to conform with the various steps of estimating and selling prices. I will therefore take one operation, namely, printing presses, form 5. You will note the "time" or the "minute" is the unit basis. We obtain the total time for the operation, pay roll labor chargeable to the operation and the labor per minute. We therefore have the cost per thousand for feeding the press and cost per set of the various classes of sets.

Four Departments

Our total plant is divided into four main departments, Mill 1B, which is the liner board machine, Mill 1A, the box board machine, corrugated department and fibre department. All expense labor and material, administration and selling are charged direct to the four main departments, where possible. All pro-rated labor and expenses are charged on a percentage basis to mills and factories, the basis used being the floor space occupied and appraised machinery valuation. This is further broken down between the two mills on a total production basis. This is a general idea of the distribution and not the absolute detail of the methods for each item.

For cost purposes, each factory department is broken down into departmental centres and is tied in with the monthly labor cost record for each group of machines within the departmental centres. Each centre has a total machine valuation which forms the basis for distributing the depreciation, percentage of taxes, insurance, etc. Each centre has also the square feet of floor space allotted to it, this being used to distribute taxes and insurance on buildings, expense labor or indirect labor, such as that required for repairing elevators, handling, etc. Each motor connected with a machine has been tested

COST AND MANAGEMENT

and a Kilowatt hours per hour standard set and used for the distribution of all power.

After the summary is completed, we have a complete cost record of all operations. This is further summarized in book form and any request for cost is answered through this medium. For quicker analysis, the cost per minute is given in the following divisions:

Labor

- Factory Superintendent & Compensation Insurance
- Direct Expense
- Administration
- Selling.

Time Keeping System

We use the International Business Machine's electrical Master Clock Control system, all of our time clocks throughout the mills and factories being under the one control. The daily time clock is "clocked" by all employed when they enter or leave the plant. The employee places his distribution of work on his card and places it in a box provided for this purpose. The cards are checked, extended and transferred to pay-roll cards which present the total distribution and becomes the basis of the pay-roll.

The cost per ton is used in our paper mill for a cost basis. All liner and box board made on cylinder machines is built up of three or four layers of stock. That is, the prepared materials are pumped from the stock chests to the cylinder vats. The cylinders are of wire mesh and as it revolves the stock is picked up. As the felt passes over the cylinder it picks up a layer of stock and passes on to the next cylinder and so on until the total sheet is built up to the required caliper. These layers are termed "top liner," "under liner," "filler" and "bottom liner." Each one of these liners is of different stock furnish in accordance with the grade of board manufactured. As each liner is of a different furnish, it is imperative that our costs be set up on this basis. We therefore have form 6, which is kept in the beater-room. A furnish card is made out by the Mill Superintendent, which tells him the number of pounds of each grade of stock, color and chemicals to be put in each beater. The Head Beater Man copies this furnish to form 6. As each beater is prepared and dumped into the beater chest, he marks this on the bottom under the caption, "No. of Beaters Dumped." On form 7, he marks the actual weight of the bales of stock delivered to each beater. This record, form 6, is used in the operation of our perpetual inventory of all paper stocks which is entered and shows an inventory figure after each twenty-four hours operation. The beater sheet (form 5) is brought to the office and the furnish card, beater sheet and stock used are pinned together. Form 8 is our production record and gives the detailed production data, time run on each other, the theoretical, normal, and actual total production, the per cent loss of trim and percent loss of production.

From these records, forms 5 and 6, we compile the cost summary of each other. Form 9 we have the number of beaters dumped of top liner at a furnish of 500 pounds sulphite divided by the tons of paper, or pounds per ton of sulphite per ton of paper at .03 per pound or cost of sulphite used per ton of paper produced. This procedure is carried right on down through the form and when completed, gives the cost per ton of each layer or liner as we call it, and the total cost of stock furnished per ton of paper produced. We have a total cost per hour of our labor and overhead based over a three-month, six month or any period of the quarter, half or whole year that our production records show will be comparable with the increase or decrease of time

COSTS IN A PAPERBOARD PLANT

run. That is, if the mill the previous year ran eighty per cent of the available time and we find that according to our commitments, we would run ninety per cent during the present year, the labor per hour would remain practically the same but the overhead per hour would fluctuate with increase or decrease total running time. We therefore have the running time of the order and the cost per hour and obtain the cost per ton. Combining the material, labor and overhead, we have a twenty-four hour record of cost per ton of paper produced. With the use of this daily record instead of a monthly record, we are able to control the cost of paper manufactured and correct any increase cost before they have run over a period and would show an excessive loss.

Maintenance Work

We have a cost control of our Maintenance Crew. The Foreman of Maintenance makes out a work order Form No. 10. This record is punched by the employee at the start and stop of each job. If any material is required, the employee takes the work order with him to the store-keeper and presents a requisition for materials. The storekeeper makes a cross reference on the requisition and work order. The work order is handed in at the close of the day. The following morning each work order is reviewed by the Foreman and the time spent on each job carefully noted. They are afterwards checked with the time cards, extended for wages and the amount of materials used is placed on the reverse side. The distribution to department is made on form No. 11. We therefore have a complete control of all of our Maintenance work and have found that it has produced a very substantial saving since it was installed.

(Forms illustrating this paper are condensed on pp. 298-306).

THE EXECUTIVE VIEWPOINT

(J. J. McHardy, Comptroller, Mercury Mills, Ltd., before Hamilton Chapter, March 21, 1934.)

Some years ago it was my privilege to attend the meetings of one of your Chapters and what always impressed me most at those meetings was the fact that the attitude of most of those in debate was almost dictatorial to management in general or, in other words, "We are the cost accountants, therefore you should accept our reports in the form that we present them, because we know best what is good medicine for you." This attitude of course was encouraged by the fact that very few managers attended the meetings, consequently there was very little, if any debate on the viewpoint of management itself.

This condition I believe still exists, which is most regrettable and it is my opinion that your Society should do everything in its power to encourage the attendance of executives because there is much they could learn about cost principles and practice and there is much left for the average cost accountant to learn about the management and direction of business.

COSTS IN A PAPERBOARD PLANT

COST RECORD OF PRODUCTION		Form 1.	
Date	Remarks	Operation	
Machine No.	Amount Earned	Operator	
Helpers			
Total			
Actual No. Pieces		Surface Inches	Specifications
Sheet Size		Sets	
Piece Rate			
Piece Work Earnings			
Day Rate	Hrs.	Min.	
Total Machine Earnings			
Time Set			
Time Feed			
Total Machine Time			
Operation (1st or 2nd)			
Class		No. Stitches	
No. on		No. Cuts or Slots	
Actual No. Boxes			

COST AND MANAGEMENT

FACTORY	DATE 193 . . .
No. MACH.	OPERATOR
HOURS RUN	

DOUBLE FACE MACHINE REPORT

Form 2

DOUBLE FACE MACHINE REPORT

Order No.	Blanket Sheet Size	No. of Sheets	Yds. Width	Grade	Used on Machine Yds. Width Grade	Average Lineal Feet	Square Feet	Time Lost	Remarks
					Daily Line Up	Paper			

**Form 6.
BEATER ROOM REPORT
GRADE**

MONTHLY D. F. D. S. S. F. COMPARISON

Form 3.

COST AND MANAGEMENT

		SINGLE FACE		DOUBLE STRENGTH		DOUBLE FACE		GRAND TOTAL		GRAND TOTAL		SINGLE FACE WASTE	
Shift	Machine No.	Hours Run	Lin. Ft.	Sq. Ft.	Ave. Lin. Ft.	Per Min.	High Run	Ave. Sq. Ft.	Per Min.	High Run	Ave. Sq. Ft.	Per Min.	High Run
DAY													
TOTAL													
NIGHT													
TOTAL													
GRAND TOTAL													
LABOR PER M. SQ. FT.													
SILICATE PER M. SQ. FT.													
DAY													
TOTAL													
NIGHT													
TOTAL													
GRAND TOTAL													
LABOR PER M. SQ. FT.													
DAY													
TOTAL													
NIGHT													
TOTAL													
GRAND TOTAL													
LABOR PER M. SQ. FT.													

Form 4.

COST RECORD OF PRODUCTION

Date			Printer-Slotter No.	
Operation			<input type="checkbox"/> Day <input type="checkbox"/> Night	
Machine No.			Boxes :	
Operator			Impressions :	
Helpers			Order No. :	
Total			Sheet size :	
Actual No. Pieces			<input type="checkbox"/> Reg. Lap End <input type="checkbox"/> Spec. Lap End	
Sheet Size			2 Pc. Lambert 2 Pc. Telescope	
Piece Rate			2 Pc. Telescope Gangs of	
301			Stamping 1 Panel 1 Color	
Piece Work Earnings			2 " 1 "	
Day Rate	Hrs.	Min.	3 " 1 "	
Wash Up Allowance			4 " 1 "	
Total Machine Earnings			2 " 2 "	
301			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
			Slide Box 1 Color Slide Box 2 Color	
			1 " 1 "	
			2 " 1 "	
			3 " 1 "	
			4 " 1 "	
			1 " 2 "	
			2 " 2 "	
			3 " 2 "	
			4 " 2 "	
		</td		

PRINTING PRESSES										Form 5.			
Sheets Run					Boxes Run					MONTH			
Time Feeding		Cost per M.		Cost per M.	Time		Cost		Time		Cost		Cost
Time Sets Per Set	Per Set	Time Sets Per Set	Per Set	Time Sets Per Set	Per Set	Time Sets Per Set	Per Set	Time Sets Per Set	Per Set	Time Sets Per Set	Per Set	Time Sets Per Set	Per Set
ONE		2	"	1	"	1	"	1	"	1	"	1	"
ONE		3	"	1	"	1	"	1	"	1	"	1	"
ONE		4	"	1	"	2	"	2	"	2	"	2	"
TWO		1	"	2	"	2	"	2	"	2	"	2	"
TWO		2	"	2	"	2	"	2	"	2	"	2	"
TWO		3	"	2	"	2	"	2	"	2	"	2	"
TWO		4	"	2	"	2	"	2	"	2	"	2	"
1 Panel 1 Color										1 Panel 1 Color			
2 Panel 1 Color										Slide Box 1 Color			
3 Panel 1 Color										Slide Box 2 Color			
4 Panel 1 Color										Plain 1 On			
5 Panel 1 On										Plain 2 On			
6 Time Run										Time Lost			
7 Time Lost										Time Down			
8 Labor													

COSTS IN A PAPERBOARD PLANT

BEATER ROOM REPORT

Form 7.

Mill No.	LINER	Grade	Date
Beater No.			

MONTHLY COST SUMMARY OF MAINTENANCE LABOR

TOTAL

COST AND MANAGEMENT

HINDE & DAUCH PAPER CO., OF CANADA, LIMITED
BEATER ROOM SUMMARY

Mill No.	Used Pounds	Material Cost Per Ton	Used Pounds	Material Cost Per Ton	Price Per Ton	Comparative Cost and Selling % To-Days Run Last Run	SUMMARY COST		Date												
							Total	Top Liner	Filler	Under Liner	Bottom Liner	Credit Broke	Calendar	Total Furnish Cost	Labor	Overhead	Total Cost per Ton	Production	Tons per Hour	SELLING Tons @ Delivered COST	Average Selling Price Delivered % To-Days Run Last Run
Total Top Liner																					
Total Filler	304																				
Total Under Liner																					
Total Bottom																					
Paper Stock Furnish																					
Credit Machine Broke																					
Total Paper Stock																					
Overhead																					
Total Cost per Ton																					
Machine Costs																					
Month Dr or Cr.																					
Production to Date																					

COSTS IN A PAPERBOARD PLANT

Form 8.

HINDE & DAUCH PAPER CO. OF CANADA, LIMITED
SUMMARY OF DAILY PRODUCTION REPORT

Supt.

COST AND MANAGEMENT

Form 10.

Continuation
Work Order No.

Dept.

MAINTENANCE COST RECORD

Date _____
To _____

Description of Work

1

Changes to

Chargé du

Total

Machine No.

Employee's Name	Hours	Rate	Amount

ANALYSIS OF CHARGE DENSITY

卷之三

卷之三

卷之三

MATERIAL USED

	Quantity	Unit Price	Total

THE JOURNAL OF CLIMATE

CAUSES OF DELAYS OR LOST TIME

TARIFF AND TAXATION

TARIFF and TAXATION

DEPARTMENT OF NATIONAL REVENUE

Departmental Rulings

Automobile jacks of the "Roll-A-Car" type, being a lifting jack equipped with two rear wheels and either one or two swivelled wheels in front, so designed that the jack may also serve as a special truck for changing the position of a vehicle, Tariff Item 427.

With respect to the provision in tariff item 705a for "motor vehicles valued at not more than one thousand dollars" brought into Canada by a settler, it is ruled that, when two or more automobiles are imported by a settler and are qualified for entry under the provisions of tariff item 705a and the combined value is in excess of one thousand dollars, the exemption of one thousand dollars should be allowed on the value of the car or cars bearing the highest rate of duty.

Fractions of a degree in the test of Wines may be disregarded for duty purposes.

Clothespins, per sample, which are about 2½ inches in length, are considered to be practical articles suitable for use indoors in hanging up light fabrics or small articles of clothing, such as lingerie, hosiery or baby clothes, and are rated for duty under Tariff Item 506a, notwithstanding that they may, on occasions, be used by children as toys or playthings.

Loose-leaf binders are rated for duty under Tariff Item 623.

Electric hair dryer, per illustration, in which are incorporated an electric element and a small built-in electric motor and fan, is rated for duty under Tariff Item 427.

Thread protectors of iron or steel, to protect the threads of iron or steel pipe, whether imported separately or imported attached to the pipe, are rated for duty under Tariff Item 446a.

Fittings of iron or steel, for use on iron or steel pipes or tubes, whether imported separately or imported attached to the pipes or tubes, are dutiable under Tariff Item 400.

Bobbins, quill boards and cone boards are of a class made in Canada and, therefore, not entitled to entry under Tariff Item 413.

Axle shafts and springs for automobiles and motor trucks, whether for production or for service, are held to be of a class made in Canada and, therefore, liable to special or dumping duty.

Ottawa, 24th August, 1934.

Theatrical Costumes and Scenery

The following regulations are established governing the importation of theatrical costumes and scenery into Canada, and Circular 573-C is cancelled.

Costumes

1. Theatrical costumes being the personal property of the actor, when imported by him for his own use in theatrical exhibitions, and not for sale or for use by any other person, may be admitted free as travellers' baggage. Similar treatment may be accorded to theatrical costumes imported by foreign producing companies or proprietors of vaudeville acts when such costumes are owned or rented by such producing companies or proprietors of vaudeville acts and when used by them or regular members of the importing company or troupe and not by any other person.

COST AND MANAGEMENT

2. Used theatrical costumes imported by Canadian Theatrical Companies or individual Canadian actors performing in such companies on rental and to be exported after temporary use in Canada, and used costumes brought in by promoters, actor managers or directors entering Canada with one or more costumes for use in the presentation of amateur or other performances for charitable or other institutions and to be exported after such temporary use, are dutiable. After an investigation into the value of such costumes at the time of importation, the Department has determined that \$2 per costume is the minimum amount of duty and taxes to which such costumes should be liable, having in view the average condition of used costumes, the lack of a basis upon which any fair market value in the country of production may be established and the temporary use only in Canada for which such costumes are imported.

3. Costumes which do not come within the provisions of the preceding sections are dutiable under the ordinary provisions of the Customs Tariff.

4. Theatrical Scenery brought in by managers of theatrical exhibitions and used by them abroad, when to be used by them in Canada for such exhibition, and not by or for any other person nor for sale, may be admitted as in the case of tourists' outfits upon deposit of an amount equal to the duty and taxes with the Customs Officer at the port of entry, subject to a refund of such deposit if the scenery be exported within six months. The scenery is to be reported inwards on Form E. 29, and the deposit dealt with in the same manner as deposits for tourists' outfits.

Ottawa, 24th August, 1934.

Musical Instruments, Motion, Still and Sound Picture Apparatus, Slides and Films.

The regulations governing the importation of musical instruments, motion, still and sound picture apparatus, slides and films have been consolidated, and hereafter Collectors and others concerned are to be guided by the following:

Musical Instruments

1. (a) Musical instruments, the property of companies of musicians or individual non-resident concert artists entering Canada for the purpose of giving public or other concerts, may be admitted after report on Form E-29, upon the Collector being furnished with a cash deposit in a sum equivalent to the duty and taxes payable thereon, the deposit to be subject to refund if the articles be identified and exported at the customs port where reported inwards, or at another port, within six months from the time of entry.

(b) Any Collector of Customs may permit any musical instrument to be imported and used on not more than two occasions within the limits of his own port under such precautions or provisions as he may consider necessary to secure the due exportation thereof immediately after such use, but no instrument or instruments so admitted shall be allowed to be moved to any other port without the collection of duty and sales tax properly payable thereon.

Motion, Still and Sound Picture Apparatus, Slides and Films

2. Motion and still picture projection apparatus or slides and films therefor, the property of persons or firms non-resident in Canada, to be used in gratuitous exhibitions for non-commercial purposes may be admitted as provided in subsection (a) of section 1 hereof.

3. Sound motion picture and motion picture camera outfits for taking sound motion or motion pictures of Canadian landscapes or

TARIFF AND TAXATION

industrial or other activities are dutiable each time of importation, without provision for refund upon subsequent exportation.

4. Memorandum 197 and Supplements are hereby superseded.

Ottawa, 31st August, 1934.

Regulation Concerning Stone Crushed by a Producer for his own use and not for resale.

The Honourable, the Minister of National Revenue has been pleased to establish the following regulation under authority of Sections 87 and 99 of the Special War Revenue Act, effective September 1st, 1934, on stone crushed by a manufacturer or producer thereof for his own use and where similar crushed stone is not sold by him:

The consumption or sales tax will be held to apply on the basis of 75 cents per ton (2000 lbs.).

A copy of this circular is to be mailed to all producers of crushed stone within your survey. Lists should be maintained showing the particulars in connection with the despatch of this circular.

Ottawa, 1st September, 1934.

The Honourable the Minister of National Revenue has ordered that the fixed valuation for duty purposes on Berets, set forth in Appraisers' Bulletin No. 3872, providing for an advance of \$1.50 per dozen on the true invoice value, be amended by substituting therefor an advance of 50c per dozen on the true invoice value, effective 1st September, 1934.

Ottawa, 1st September, 1934.

The Honourable the Minister of National Revenue has ordered that the fixed valuation for duty purposes on HOODS, SHAPES, BODIES and CAPELINES, set forth in Appraisers' Bulletin 3734, providing for an advance of \$1.50 per dozen on the export or actual selling price to the importer in Canada be amended by substituting therefor an advance of 50c per dozen on the export or actual selling price to the importer in Canada, effective 1st September, 1934.

It is to be noted that the advance on HATS remains at \$1.50 per dozen as heretofore.

Attention is also directed to the provisions of Appraisers' Bulletin No. 4227, under which HATS, HOODS and SHAPES of WOOL FELT entered under the British Preferential Tariff are not subject to Appraisers' Bulletin 3734.

Ottawa, 6th September, 1934.

Drawback on Imported Bituminous Coal Used in Coke and Gas Plants.

The following regulation has been established by Order in Council (P.C. 2073) dated 31st August, 1934, under the provisions of paragraph (L), Section 284 of the Customs Act:

Regulation

When bituminous coal, which has been imported on or after the 19th April, 1934, is converted into coke in coke or gas plants, there may be paid upon the imported bituminous coal so used a drawback of 99 per cent of the duty (not including special or dumping duty);

Provided that not less than 35 per cent, by weight, of the bituminous coal converted in the claimant's plant into coke, as covered by each drawback claim, was mined in Canada;

Provided also that drawback payable under this regulation is in lieu of drawback payable under any other drawback item or regulation;

COST AND MANAGEMENT

Provided further that such drawback shall be subject to the general regulations governing payments of Home Consumption Drawbacks, and to the following conditions, viz.:

- (a) The quantity of imported bituminous coal used and the amount of duty paid thereon shall be ascertained;
- (b) The quantity of Canadian bituminous coal used shall be ascertained;
- (c) Evidence satisfactory to the Minister of National Revenue shall be furnished in respect to the conversion into coke in Canada in the production of which the imported bituminous coal is claimed to have been used.

Claim for drawback shall be verified under oath before a Collector of Customs and Excise to the satisfaction of the Minister of National Revenue, in such form as he shall prescribe. The Minister may also require, in any case, the production of such further evidence, in addition to the usual averments, as he may deem necessary to establish the bona fides of the claim.

Claims for drawback under the above regulation should be made on Form K. 15½.

Ottawa, 8th September, 1934.

The Honourable the Minister of National Revenue has ordered that the fixed valuation on Cantaloupes, Muskmelons, Honeyballs, Casabas and Honeydews, as set forth in Appraisers' Bulletin No. 4320, applicable to points in Manitoba and West thereof, be cancelled effective the 10th September, 1934.

Ottawa, 10th September, 1934.

Current Values for Duty—(Class B).

Used or second-hand sawmill and logging machinery is appraised for regular and dumping duty purposes under the provisions of Section 41(e) of the Customs Act at the present values of similar sawmill and logging machinery new, less allowance for depreciation as stated below, depending on the condition as imported, provided that the maximum allowance for depreciation shall not exceed 50 per cent.

Depreciation allowance for average condition

1 year's use	7 per cent
2 year's use	13 per cent
3 year's use	19 per cent
4 year's use	25 per cent
5 year's use	30 per cent
6 year's use	35 per cent
7 year's use	40 per cent
8 year's use	45 per cent
9 year's use	50 per cent

The provisions of Section 6 of the Customs Tariff Act will apply. Appraisers' Bulletin No. 2728 is amended accordingly.

Ottawa, 13th September, 1934.

Re: Sphagnum or Peat Moss, Sea Grass, etc.

You are advised that the Department will hold effective September 1st, 1934, sphagnum or peat moss, sea grass and similar materials, to be subject to the consumption or sales tax and manufacturers or producers of these commodities will be required to procure a sales tax license and to account for the tax on their sales.

TARIFF AND TAXATION

This ruling does not apply to bona fide farmers or settlers, nor to small producers selling exclusively by retail, under the provisions of Section 95, Subsection 2 of the Special War Revenue Act.

Please communicate this ruling to producers of the said goods in your Port.

Ottawa, 22nd September, 1934.

The Honourable the Minister of National Revenue has ordered that the order of the 18th August, 1931, fixing the value for duty of Hats, Hoods, Shapes, Bodies and Capelines at an advance of \$1.50 per dozen on the export or actual selling price to the importer in Canada, be amended by substituting therefor in respect of HOODS, SHAPES, BODIES and CAPELINES (Cloches pour chapeaux) made from materials other than FELT, an advance of 50 cents per dozen on the export or actual selling price to the importer in Canada, effective the 24th September, 1934.

Supplement No. 3 to Appraisers' Bulletin No. 3734 is cancelled.

Attention is also directed to the provisions of Appraisers' Bulletin No. 4227, under which Hats, Hoods and Shapes of Wool Felt entered under the British Preferential Tariff are not subject to Appraisers' Bulletin No. 3734.

Ottawa, 22nd September, 1934.

Tariff Change by Order in Council

By Order in Council (P.C. 1709) dated 21st September, 1934, the following regulation was established under the authority of Section 284 of the Customs Act effective on and after 24th September, 1934, the date of publication in the Canada Gazette:

Regulation

"The articles enumerated in the following items when imported for use in Canadian manufacturers, shall be subject to the several rates of duties of customs, if any, set opposite each of the said items, that is to say:—

Beeswax, not bleached, when for use in Canadian manufactures:
British Preferential Intermediate General

Free	20 per cent	20 per cent
------	-------------	-------------

(To be designated as tariff item No. 817)"

"Hot rolled strip of iron or steel, with rolled or mill edge, more than .080 inch in thickness, when imported by manufacturers of chassis frames for motor vehicles, to be used exclusively in the manufacture of such chassis frames, in their own factories:

British Preferential Intermediate General

Free	\$4.00	\$4.00
------	--------	--------

(To be designated as tariff item No. 818)"

"Articles of iron, steel or nickel, or of which iron, steel or nickel are the component materials of chief value, of a class or kind not made in Canada, when imported by manufacturers of electric storage batteries for use exclusively in the manufacture of such storage batteries, in their own factories:

British Preferential Intermediate General

12½ per cent	20 per cent.	20 per cent.
--------------	--------------	--------------

(To be designated as tariff item No. 819)"

Ottawa, 18th September, 1934.

The Honourable the Minister of National Revenue has ordered that the fixed valuation for duty purposes on Peaches, set forth in Appraisers' Bulletin No. 4230, applicable to points in Manitoba and West thereof, be cancelled effective the 19th September, 1934.

COST AND MANAGEMENT

Ottawa, 24th September, 1934.

Invoice Forms

Subsection one of Section thirty-six of the Customs Act has been repealed and in accordance therewith under authority of Order-in-Council (P.C. 2096) dated 7th September, 1934, the Certificates of Value on invoice forms and entries are amended.

Collectors are advised that invoice forms prescribed for use 1st September, 1933, with or without deletion of sub-clause (a) of clause (4) of Certificate of Value on Form "M" or sub-clause (b) of clause (6) of Certificate of Value on Form "N" may be accepted for entry. Entry forms may be similarly treated.

Ottawa, 25th September, 1934.

Current Values for Duty — (Class B).

HATS, HOODS, SHAPES, BODIES and CAPELINES (other than those provided for in Tariff Item 569a and those ruled as being entitled to entry under Tariff Item 711) are subject to valuation as follows:

Dutiable under British Preferential Tariff

	Advance on Invoice Value
Hats (except wool felt)	\$1.50 per doz.
Hoods, Shapes, Bodies and Capelines of fur felt	1.50 " "
Hoods, Shapes, Bodies and Capelines (except felt) ..	.50 " "

Dutiable under Intermediate and General Tariff

Hats	\$1.50 per doz.
Hoods, Shapes, Bodies and Capelines of felt	1.50 " "
Hoods, Shapes, Bodies and Capelines (except felt) ..	.50 " "

In connection with the above, it should be noted that under Tariff Item 569 (ii) hats, hoods, and shapes of wool felt entered under the British Preferential Tariff are dutiable at 22½ per cent ad valorem and \$1.00 per dozen.

FRENCH-CANADIAN TREATY

(Canadian Press Report)

Ottawa, October 2.—Lowered tariff rates on a wide variety of commodities, coupled with larger quota allotments, and removal of surtaxes imposed by special enactment upon Canadian commodities, were features of the Franco Canadian trade agreement signed in Paris last week and made public today.

These concessions from France are in return for lowered Canadian rates on some 11 tariff items, notably wines and liqueurs, and food delicacies. The treaty supplements that signed between the two countries on May 12, 1933, and became effective yesterday.

Under section 11 of the Customs Tariff Act the Government is enabled, by order-in-council, to make reductions by order in council and without reference to Parliament, when the reductions are in compensation for similar concessions granted by the country concerned.

The tariff changes involved in the new treaty are summarized as follows:

The agreement of May 12, 1933, is supplemented by adding thereto the undermentioned Canadian commodities which will receive the French minimum tariff:

Frozen pork livers, lobsters fresh or preserved within the quota, wheat, oats, barley, rye, groats, rolled oats, whisky, lead, zinc, insulating fireboard, vinyl acetate, resin, derivatives of glycil, builders' and cartwrights' wood shaped, wood planed, grooved or tongued, canoe

COST AND MANAGEMENT

paddles, veneer sheets and leaves, veneers and counter veneers, other wares of wood, river boats, collapsible canoes with hulls of rubberized tissue, elastic tissues, etc., footwear of all kinds with uppers of rubber or other materials.

The following percentages of global quotas of goods mentioned imported into France are guaranteed to Canada:

Cheese, 1.2 per cent.; frozen salmon, 15 per cent.; lobsters, preserved, natural or prepared, 9.82 per cent.; barley, one per cent.; fresh apples and pears, 3.8 per cent. in the fourth quarter, next year 4.7 in the first quarter; sugared biscuits, .80 per cent.; common woods, .12 per cent.; preserved tomatoes, 1.72 per cent.; lead, 3.25 per cent.; insulating board, five per cent.; patent leather, 5.42 per cent.; calf and other small skins, 1.80 per cent.; cultivators, spring harrows, rakes, etc., 11.58 per cent.; mowing machines, 8.25 per cent.; other agricultural machinery, 3.86 per cent.; builders' and cartwrights' wood shaped, wood planed, grooved or tongued, nine per cent.; veneer sheets and leaves, 4.27 per cent.; veneers and counter veneers, 1.60 per cent.; passenger automobiles, 12.55 per cent.; ice skates, 5.68 per cent.

The quotas on which the percentages are reckoned are those for the third and fourth quarters of the year and the agreement provides that the percentages shall not be reduced whether the total quotas are increased or diminished.

A feature of the quota on lobsters lies in the fact that the French tariff does not separate lobsters from other crustaceans. Canada's percentage of the total import allotment for this class of sea-food was declared, accordingly, to be equal to the full ability of Dominion canners to export.

Other quotas arranged for Canadian exports on the basis of the French quotas for the final quarter of the year included porcelain insulators, granted a quota of 30 quintals; porcelain insulators with parts of metal, of 50 quintals; electric heating apparatus, including electric stoves, 100 quintals, and vacuum cleaners and parts thereof, 10 quintals.

In return for these concessions Canada grants the intermediate tariff less the percentages shown after the item on the following commodities:

Cheese: Roquefort, Camembert, Pont l'Eveque, Bleu d'Auvergne, Munster, intermediate tariff, less a discount of 15 per cent.; mushrooms, canned, less 25 per cent.; canned chestnuts, less 10 per cent. of the ad valorem rate; liqueurs, less 10 per cent.

Cognac brandy and Armagnac brandy, less 20 per cent.; alcoholic perfumes and perfumed spirits when in bottles or flasks containing not more than four ounces each, less 33.33 per cent.; wines of the fresh grape, except sparkling wines, containing 26 per cent. or less of proof spirit, less 63.63 per cent.; champagne and all other sparkling wines, less 20 per cent.; cigarette papers, gummed or not, in rolls, less 10 per cent.; cigarette papers, gummed or not, in tubes or booklets, less 15 per cent.

Advertising and printed matter, printed in France in the French language on paper or cardboard, describing and accompanying French products, same rate as British preferential tariff.

In keeping with the trade agreement with South Africa the tariff rates on grape wines, non-sparkling, is reduced to 20 cents per gallon when under 35 per cent. proof spirit, and 40 cents when 35 per cent. proof spirits but not more than 40 per cent.

"Let's walk around the corner and get a drink."
"Let's run."

Cost Accounting and the N.R.A.

(From the Bulletin of American Institute of Accountants)

A memorandum issued by the National Recovery Administration on 20th July states that its future policy will be to favor "cost or market, whichever is lower" as the normal basis for the valuation of materials wherever they appear in the cost formulae which have been provided in approved codes.

"This policy has been adopted," the memorandum states, "instead of 'either market or cost' to avoid the evils of provisions which require artificial mandatory profits to those who have accumulated inventories at low prices and to avoid the necessity of shifting the formula for cost from time to time to the basis which is at the moment most favorable to industry, in view of current market conditions."

Official interpretation of the new policy indicates that its application to codes already approved is not to be arbitrary and "need not be expected" unless the impracticability of inconsistent code provisions has been demonstrated by experience. Codes awaiting approval, it is stated, will be approved despite their containing provisions that are inconsistent with the new policy if they are otherwise acceptable. Flatly inconsistent provisions, however, may be stayed until the affected industry has had an opportunity to show the necessity for a variation from the policy just adopted.

Lowest Reasonable Cost

The National Recovery Administration has also announced a tentative definition of the phrase "lowest reasonable cost" which it offers as a guide in the construction of cost formulae. The announcement, in part, follows:-

"'Lowest reasonable cost' is not a figure—it is a point on a scale, the scale in each case being the range of costs in the particular industry or for the particular product. Only in specific cases can amounts be used. In general, it is necessary to find a formula by which that point on the scale may be determined.

"A perfect formula cannot be worked out theoretically. It will require close study of a number of tentative experimental formulae. But it is hoped the following definition will prove to be an invaluable guide line:

"'Lowest reasonable cost' is defined for the purposes hereof, as follows:-

"(a) The figure must neither be high enough to result in fixing price nor to cut off normal existing price competition.

"(b) The figure must be within the range of the lowest "costs" (as defined below), which means costs of that group of producers believed by the administration to be the most efficient.

"(c) The figure fixed must be "reasonable," which means (a) that costs which, due to freakish or extraordinary advantages not available to all such efficient producers, are even less than those of the other most efficient concerns in the industry, must be left out of consideration, and (b) that the figure is not rigidly limited to the actual costs of any particular concern.

"(d) The "costs" of such efficient concerns for purposes hereof, include actual necessary outlay found by the administration to be directly required in the production and sale of the product of service, including his finding of an amount deemed proper and reasonable on

COST ACCOUNTING AND THE N.R.A.

account of maintenance and allocation of actual overhead on the basis of his finding of fullest normal load factor. Interest and return on capital investment are among the items excluded.'

"Analysing this definition a step further, it becomes more a set of instructions than a definition.

"Industry is asking two vital questions—'when is price cutting destructive' and 'At what point does a price cutter become a code violator, subject to restraint at the hand of the law?'

"N.R.A. proposes to develop rules and regulations which will provide the final answers to industry's questions, but there is a present problem to be handled. A useful set of finding rules and regulations can only be built out of experience. This requires time. The many and various price-cutting situations which present themselves for immediate handling are the laboratory in which the formula will be perfected. In the meantime N.R.A. has evolved the foregoing tentative instructions for its guidance."

Cost Systems

Cost-accounting systems submitted by the code authorities of the tile-contracting division of the construction industry and the ready-made furniture-slip-covers-manufacturing industry have recently been approved by the National Recovery Administrator.

The system approved for the former makes it obligatory upon every contractor, in submitting bids, to include in his estimate all specified items of cost for materials and labor, and to add to the sum of these 20 per cent. as an overhead charge. In addition to these, the contractor may add such profit as he deems proper.

Under the system approved for the slip covers manufacturing group, cost will be determined by including the following:-

1. Material at the actual or market cost, whichever is lower.
2. Actual direct factory labor of manufacture.
3. Shipping expense.
4. Actual discount allowed.
5. Rent, taxes, heat, power and light, and those items of factory overhead that vary directly with production to be included at actual cost.
6. General administrative overhead on the same basis as fixed factory overhead.

CHARTERED ACCOUNTANTS MEET IN MONTREAL

At the annual meeting of the Dominion Association of Chartered Accountants, held in Montreal, Sept. 4-8, the following principal officers were elected: President, J. Gray Mundie, C.A., Riddell, Stead, Graham & Hutcheson, Winnipeg; vice-president, H. E. Guilfoyle, F.C.A. Clarkson, Gordon, Dilworth, Guilfoyle & Nash, Toronto; chairman Finance Committee, A. B. Shepard, F.C.A., Thorne, Mulholland, Howson & McPherson, Toronto; secretary-treasurer, A. H. Carr, C.A., Toronto.

Travel Note. Guide: "This is the portrait of the Countess Rosalinde who came to an untimely end owing to her greed. Greed is the root of all evil—may I ask you, ladies and gentlemen, not to forget the guide."

* * *

The Altoona (Kan.) Tribune reports a resident of that town who appears on the porch of his home whenever his wife starts singing, so the neighbors can see he isn't beating her.

COST AND MANAGEMENT

CHAPTER NOTES

CENTRAL ONTARIO

Reported by W. A. McKague, General Secretary.

Practically all of last season's members having expressed their continued interest in Central Ontario Chapter, and with definite prospects of some more members coming in, arrangements have been made for a program this season which will be fully as good as any provided in the past. For the first meeting, Stanley LeBrock and one of his Steel Company associates are to come from Hamilton; this meeting is to be in Guelph on October 18th, and will take the form of an open "Question Night".

Later meetings will be held in Galt, Kitchener, and several speakers in Toronto will be available. Members will be notified of details shortly.

HAMILTON

Reported by R. Dawson, Secretary Treasurer.

The annual golf game held by the Hamilton Chapter on Tuesday, September 18th was a pronounced success. The attendance was not large but everyone had a delightful time both during the afternoon and at dinner in the evening.

Harold Wright and Sid Brown tied for low gross and each received a prize, as did J. J. McHardy for low net, Bill Smitton for hidden hole score, J. W. Spence for worst language used on the course and J. M. McKee for high gross.

Ken. Horton presided at the dinner and among the speakers were: G. H. Houston, J. W. Spence, W. A. McKague, S. E. LeBrock, H. P. Wright and J. J. McHardy.

The program of the Hamilton Chapter is not quite complete but the season will open on October 24th, and is as follows:

October 24th. R. F. Bruce Taylor, C.A., "Activities of Stock Exchanges and Brokers and Methods of Business." (General Discussion).

November 7th. W. T. Brickenden, Thorne, Mulholland, Howson & McPherson. "Plant Engineering in Relation to Costs."

November 28th.

December 5th. J. E. McKee, International Business Machines Ltd. "Business Machines as Applied to Accounting and the Compilation of Statistics."

January 23rd. Social Evening.

February 6th. H. C. Upper, Canadian Wineries Ltd, Toronto. "Cost Accounting in the Wines Industry."

February 20th. B. W. Lang, Goodyear Tire & Rubber Co. Ltd. "Depreciation."

March 6th. Annual Meeting of A.B.C. Co. Ltd. (Annual Meeting).

March 27th.

April 10th. Closing Meeting. (To be announced).

The program is expected to be completed in a week or so and the prospects for the coming season are of the brightest.

CHAPTER NOTES

MONTREAL

Reported by R. Schurman, C.A., Secretary.

On Saturday, September 22nd, about fifty members of the Montreal Chapter broke their early slumbers and departed by bus to Valleyfield for an inspection trip of industrial plants of the MacDonald and Robb Milling Company, manufacturers of "Our Best Flours"; also the Montreal Cotton Company and the plant of the Beauharnois Power Corporation.

The drive out was most enjoyable. At the Cotton Company the boys were shown through the plant by Harold Kelly, C. F. Potter and H. Meury, Superintendents of the respective departments, and the various processes of carding, spinning, weaving, were seen and appreciated. Following this inspection the members were entertained at the Salaberry Club by Mr. H. "Bert" Schurman, of Shawinigan Water & Power Company, and Mr. Godbout; and at lunch by McDonald-Robb Milling, Shawinigan, and Montreal Cottons. Mr. Billlette, Mayor of Valleyfield, welcomed the members to the city. Other head table guests were—Mr. MacDonald of the MacDonald-Robb Milling Company; Professor R. R. Thompson; Paul Dufresne; P. W. Wright of Shawinigan Engineering Company. Mr. Godbout, President of the Salaberry Club, kindly extended the privileges of the Club to all cost accountants who may again visit Valleyfield.

Following this inspection the members were then driven to the plant of the Beauharnois Power Corporation, where they were received by Mr. R. W. Louthood, our former Chairman. Mr. Louthood was most careful that the visitors had a full opportunity of seeing the interesting development works which had been erected. The members were fortunate in being able to examine three new units in various stages of installation.

The members returned to Montreal about 8 p.m. tired but happy. The directors assembled at Kraussman's Restaurant, where "Judge Jorje" Bowden and Director Blunt had arranged for a most bounteous repast, and a floor show which would do credit to George M. Cohen himself. The dinner was the occasion of a presentation to our fellow-director, "Alf" Broomer, who proposes to shake off the dust of Canada and collect a new variety in the Manchester districts of England. "Mr. Broomer", as he was addressed by President Dufresne, was made the recipient of an initialled silver cigarette case, and a testimonial booklet from his fellow-directors on the Board. This souvenir volume was replete with expressions of goodwill, from Professor Thompson of McGill; Insurance Inspector Dugal at Quebec; Past Chairman Masterson and Patton; Mr. G. I. MacKenzie of the Northern Electric Company; Mr. L. Rhodes of Canadian Playing Card Company; "Father Belanger"; our good friend L. N. Buzzell; Mr. J. S. Miller of the Gazette; Mr. H. W. Blunt of Fisk, Skelton Company; our good Treasurer, R. Joubert; and Mr. P. W. Wright of Shawinigan Engineering Company. To make the token more complete, numerous watercolours of old Montreal were included in the volume. Mr. Belanger made a neat speech befitting the occasion.

The Directors of the Chapter have adopted a Program for the Season. This will be reported later, in full. Some of the Montreal Chapter members would like to co-operate with other Chapter members in making a study of costs in a special industry, the work to be carried on during the year and papers or findings exchanged at the close of the Season.

COST AND MANAGEMENT

TORONTO

As predicted, the opening meeting of this season was an outstanding success, with nearly 70 members and their friends enjoying to the full the hospitality of the Hinde & Dauch Paper Company of Canada, Ltd. Mr. Mayhew's talk was listened to with a great deal of interest, particularly so because of the fact that most of his hearers had seen in actual operation the processes with which he was dealing, during the tour of the plant earlier in the afternoon. The entertainment, too, was all that could have been desired, although protests of "favouritism" with regard to the attentions of one of the performers to certain of our directors were quite audible.

Dr. Corwin D. Edwards, technical director for the Consumers' Advisory Board of the N.R.A. in the United States, who is the speaker for the coming meeting on October 12, occupies one of the key positions in the Recovery Administration, and is as well a very fine speaker. We strongly urge that if anyone must be absent from some meeting, this not be it. The position of the consumer, who some claim is the "forgotten man" under N.R.A. policy, is of definite interest to everyone, and the statements of one who is in a position to speak authoritatively on this subject merit keen attention. It will undoubtedly be one of the season's best meetings.

THIRTEENTH NATIONAL COST CONFERENCE IN GREAT BRITAIN

The Thirteenth National Cost Conference, and the annual banquet of the Institute of Cost and Works Accountants—under whose auspices the Conference is held—will take place at Newcastle upon Tyne during the period 18th-20th October, 1934.

In these days of specialisation and standardisation it is not surprising that the question of "Uniform Costing by Industries" figures prominently in the Conference programme. Trade Associations and individual manufacturers are beginning to realise the need for greater uniformity in the matter of preparing their cost statistics. Comparisons of costs between one factory and another in the same line of business can only be made where this uniformity exists. Where a whole industry—as in the recent case of Iron and Steel—seeks the protection of Tariffs, the Import Duties Advisory Committee are only able to adjudicate satisfactorily when comparative costs are presented.

Realising these facts, the Institute of Costs and Works Accountants cordially invites Directors, business executives, and others interested, to attend the Public Session at the Old Assembly Rooms, Newcastle upon Tyne, on Friday, October 19th, at which this subject will be discussed.

A municipal session will be held at the Royal Station Hotel, on Thursday, October 18th, which Local Government Officers and others interested are invited to attend. The subject for this session will be "The Function of Costing for Municipalities."

Other more technical sessions will also be held, at which "Selling and Distribution Costs", and "Budgeting in industry" will be discussed.

Kiwanis—Who made the best speech at the banquet last night?
Lion—Some dub at the foot of the table. He said he was tired and wanted to go to bed.

PRIZE FOR CHAPTER NOTES

PRIZE FOR CHAPTER NOTES

A prize of \$15 for the best "Chapter Notes" during the current season will be awarded by our board at the end of the season. This is open to the chapter secretary or other officer charged with the duty of reporting his chapter's activities in Cost and Management.

MEMBERSHIP CHANGES

September, 1934

MONTRÉAL CHAPTER

Resignations

Broomer, A., A.C.A., C.A., The Robt. Mitchell Co. Ltd., Montreal.
Hannen, J. D., Congoleum Canada Co. Ltd., Montreal.
McKinnon, H. B., The Tariff Board, Ottawa.
Egerton, R. P., C.A., The E. B. Eddy Co. Ltd., Hull (changed to non-resident).

New Members

Bonnier, P. E., C.A., 132 St. James West, Montreal.

TORONTO CHAPTER

Resignations

Ogden, A. L., Imperial Bank of Canada, Toronto.

New Members

Wilson, J. R. M., C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash, Toronto.

McCormack, J. D., C.A., Millard, Smith, Rouse & McCormack, Toronto.

Changes of Address

Gunn, E., F.C.A., Gunn, Roberts & Co., to 36 Toronto Street, Toronto.
Beamish, B. D., from Can. Bank of Commerce, to Crosse & Blackwell Canada Ltd.

Pidduck, J. R., from Neptune Meters to Neptune-National Meters Ltd., Toronto.

WINNIPEG CHAPTER

Howard, H. E., C.A., Calgary, transferred to non-resident.

VANCOUVER CHAPTER

Plommer, J. J., C.A., Shaw, Salter & Plommer, resigns.

NON- RESIDENT

New Members

Ardouin, F. G., C.A., L.I.A., 45 Rideau St., Ottawa.

Egerton, R. P., C.A., E. B. Eddy Co. Ltd., Hull, Que. (transferred from Montreal).

Howard, H. E., C.A., Calgary, Alta. (transferred from Winnipeg Chapter).

King, C. H., Adam & Co., Ltd., Calgary, Alta.

Rutherford, R.G.M., C.A., Crehan, Mouat & Co., Kelowna, B.C.

Snair, F. S., C.A., Ingramport, N.S.

REFERENCE LITERATURE

RECEIVED IN SEPTEMBER

- Grain Accounting, An Introductory Article on the Canadian Grain Trade. Canadian Chartered Accountant, September.
- Pulp and Paper Industry, Some Features of from an Accountant's Point of View. Canadian Chartered Accountant, September.
- Production Planning. The Cost Accountant, August.
- Distribution Costs, Controlling. N. A. C. A. Bulletin, September 1.
- Management Under a Planned Economy. N. A. C. A. Bulletin, September 15.
- Paint Industry, Accounting in. N. A. C. A. Bulletin, September 15.
- Hospital Financial Administration. The Accountant, September 1.
- Interest, The Treatment of in Cost Accounting. The Accountants' Journal, September.

PERSONALS

Hon. Gordon W. Scott, C.A., of P. S. Ross & Sons, Montreal, was elected president of Canadian Industrial Alcohol Co. Ltd., succeeding Lord Shaughnessy who retired recently, at a meeting of the directors on August 30th. L. V. Wright, another member of our Society, was elected vice-president of the company.

R. J. H. Ryall, formerly member of council and examiner of the Institute of Cost and Works Accountants of England, Fellow of the Corporation of Accountants, Glasgow, and Fellow of the Incorporated Secretaries' Association, London, who has been in Canada for some years and has been accountant with the Confederation Life Association since June, 1932, has now been appointed chief accountant of the Association.

A. Broomer, A.C.A., C.A., comptroller and director of The Robert Mitchell Co. Ltd., Montreal, director of our Montreal Chapter and also connected with several other organizations, is leaving Canada shortly to accept a permanent appointment in England.

THE TREND OF PRODUCTION COSTS

Commodity prices as measured by the Dominion Bureau of Statistics index number, which is based on the year 1926, advanced from 72.0 in July to 72.3 in August. The following is a comparison by main groups.

	1933 August	1934 July	1934 August
Foods, beverages & tobacco	66.6	69.2	68.9
Other consumers' goods	75.9	77.0	77.2
All consumers' goods	72.1	73.9	73.9
Producers' equipment	84.9	89.6	89.6
Building & construction materials	80.7	83.3	83.0
Manufacturers' materials	62.1	64.2	65.3
All producers' materials	64.8	67.0	67.9
All producers' goods	66.8	69.3	70.1
All commodities	69.5	72.0	72.3

The principal declines in August were in the following: Fresh fruits, vegetables, leather, live stock, raw wool, wool yarns. The principal advances in August were in: Grains, fats, antimony, silver, sand and gravel, coal tar products.

